

HOUSE BILL No. 1472

DIGEST OF INTRODUCED BILL

Citations Affected: IC 2-5-1.1-19; IC 4-3-22; IC 4-22; IC 5-2-6-23; IC 6-1.1-20.3-4; IC 6-3-4-17; IC 8-14-14-6; IC 8-15-2-14.7; IC 13-14-9; IC 20-19-2-12; IC 20-42.5; IC 22-4-18.1-7; IC 28-11-1-1; IC 36-7.5; IC 36-7.6.

Synopsis: Elimination of office of management and budget. Terminates the office of management and budget. Transfers the functions of the office of management and budget ("office") to the budget agency. Repeals an obsolete definition, a provision establishing the office, and a provision designating the director of the office as the budget director.

Effective: June 30, 2009; July 1, 2009.

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January 14, 2009, read first time and referred to Committee on Government and Regulatory Reform.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1472

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-5-1.1-19, AS ADDED BY P.L.137-2006,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]: Sec. 19. The legislative services agency, under the
4 direction of the legislative council, shall establish a process that
5 permits small business impact comments concerning proposed
6 legislation to be posted on the general assembly's web site after
7 submission by the ~~office of management and budget under~~
8 ~~IC 4-3-22-16.~~ **budget agency.**

9 SECTION 2. IC 4-3-22-4, AS ADDED BY P.L.246-2005,
10 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2009]: Sec. 4. The director **of the budget agency** is
12 responsible and accountable for and has authority over the following:

13 (1) All functions performed by the following:

14 ~~(A)~~ **The budget agency.**

15 ~~(B)~~ **(A)** The department of state revenue.

16 ~~(C)~~ **(B)** The department of local government finance.

17 ~~(D)~~ **(C)** The Indiana finance authority.



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The directors of these agencies, departments, and offices shall report to the director **of the budget agency** and administer their offices and agencies in compliance with the policies and procedures related to fiscal management that are established by the ~~OMB~~ **budget agency** and approved by the governor.

(2) All budgeting, accounting, and spending functions within the various agencies, departments, and programs of state government.

SECTION 3. IC 4-3-22-6, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) The division of government efficiency and financial planning is established within the ~~OMB~~ **budget agency**. The director **of the budget agency** shall appoint, subject to the approval of the governor, a director of the division, who serves at the pleasure of the director of ~~OMB~~ **the budget agency**.

(b) The division shall conduct operational and procedural audits of state government, perform financial planning, design and implement efficiency projects, and carry out such other responsibilities as may be designated by the director **of the budget agency**.

SECTION 4. IC 4-3-22-7, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. The ~~OMB~~ **budget agency** shall assist the governor in the articulation, development, and execution of the governor's policies and programs on fiscal management.

SECTION 5. IC 4-3-22-8, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. The ~~OMB~~ **budget agency** shall assist and represent the governor in the development and review of all policy, legislative, and rulemaking proposals affecting capital budgeting, procurement, e-government, and other matters related to fiscal management.

SECTION 6. IC 4-3-22-9, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. The ~~OMB~~ **budget agency** shall harmonize agency views on legislation and facilitate the negotiation of policy positions for the governor.

SECTION 7. IC 4-3-22-10, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. The ~~OMB~~ **budget agency** shall provide expertise to the governor for budget decision making and negotiations.

SECTION 8. IC 4-3-22-11, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 11. The ~~OMB~~ **budget agency** shall analyze trends

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in and the consequences of aggregate budget policy.

SECTION 9. IC 4-3-22-12, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 12. The ~~OMB~~ **budget agency** shall establish metrics for measuring state government performance and efficiency.

SECTION 10. IC 4-3-22-13, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 13. (a) The ~~OMB~~ **budget agency** shall perform a cost benefit analysis upon each proposed rule and provide to:

(1) the governor; and

(2) the administrative rules oversight committee established under IC 2-5-18;

an assessment of the rule's effect on Indiana business.

(b) After June 30, 2005, the cost benefit analysis performed by the ~~OMB~~ **budget agency** under this section with respect to any proposed rule that has an impact of at least five hundred thousand dollars (\$500,000) shall replace and be used for all purposes under IC 4-22-2 in lieu of the fiscal analysis previously performed by the legislative services agency under IC 4-22-2.

SECTION 11. IC 4-3-22-14, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. All instrumentalities, agencies, authorities, boards, commissions, and officers of the executive, including the administrative, department of state government, and all bodies corporate and politic established as instrumentalities of the state shall:

(1) comply with the policies and procedures related to fiscal management that are established by the ~~OMB~~ **budget agency** and approved by the governor; and

(2) cooperate with and provide assistance to the ~~OMB~~ **budget agency**.

SECTION 12. IC 4-3-22-15, AS ADDED BY P.L.246-2005, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. All state agencies (as defined in IC 4-12-1-2) shall, in addition to complying with all statutory duties applicable to state purchasing, be accountable to the ~~OMB~~ **budget agency** for adherence to policies, procedures, and spending controls established by the ~~OMB~~ **budget agency** and approved by the governor.

SECTION 13. IC 4-3-22-16, AS ADDED BY P.L.137-2006, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 16. (a) As used in this section, "coordinator" means the following:

(1) A small business regulatory coordinator (as defined in

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IC 4-22-2-28.1(b)).

(2) An ombudsman designated under IC 13-28-3-2.

(b) Each coordinator may review proposed legislation affecting the small businesses that are regulated by the agency or that would be regulated by the agency under proposed legislation. A coordinator may submit to the ~~OMB~~ **budget agency** written comments concerning the impact of proposed legislation on small business.

(c) The ~~OMB~~ **budget agency** may review comments received under subsection (b). The ~~OMB~~ **budget agency** may amend the comments. After completing its review, the ~~OMB~~ **budget agency** shall transmit the comments to the legislative services agency for posting on the general assembly's web site. The comments submitted under this section shall be transmitted electronically in a format suitable for posting to the general assembly's web site as determined by the legislative services agency.

SECTION 14. IC 4-3-22-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 17. Any action of the office of management and budget taken before its termination on July 1, 2009, shall, after June 30, 2009, be treated as an action of the budget agency. Any review or other proceeding pending before the office of management and budget on June 30, 2009, shall be treated after June 30, 2009, as if the review or other proceeding were initiated before the budget agency. Any reference to the office of management and budget or its director in any document created before July 1, 2009, shall, after June 30, 2009, be treated as a reference to the budget agency and the director of the budget agency.**

SECTION 15. IC 4-22-2-28, AS AMENDED BY P.L.123-2006, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 28. (a) As used in this section, "total estimated economic impact" means the annual economic impact of a rule on all regulated persons after the rule is fully implemented under subsection (g).**

(b) The Indiana economic development corporation established by IC 5-28-3-1:

(1) shall review a proposed rule that:

(A) imposes requirements or costs on small businesses (as defined in IC 4-22-2.1-4); and

(B) is referred to the corporation by an agency under IC 4-22-2.1-5(c); and

(2) may review a proposed rule that imposes requirements or

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costs on businesses other than small businesses (as defined in IC 4-22-2.1-4).

After conducting a review under subdivision (1) or (2), the corporation may suggest alternatives to reduce any regulatory burden that the proposed rule imposes on small businesses or other businesses. The agency that intends to adopt the proposed rule shall respond in writing to the Indiana economic development corporation concerning the corporation's comments or suggested alternatives before adopting the proposed rule under section 29 of this chapter.

(c) Subject to subsection (f) and not later than fifty (50) days before the public hearing required by section 26 of this chapter, an agency shall submit a proposed rule to the ~~office of management and budget~~ **agency** for a review under subsection (d) if the agency proposing the rule determines that the rule will have a total estimated economic impact greater than five hundred thousand dollars (\$500,000) on all regulated persons. In determining the total estimated economic impact under this subsection, the agency shall consider any applicable information submitted by the regulated persons affected by the rule. To assist the ~~office of management and budget~~ **agency** in preparing the fiscal impact statement required by subsection (d), the agency shall submit, along with the proposed rule, the data used and assumptions made by the agency in determining the total estimated economic impact of the rule.

(d) Except as provided in subsection (e), before the adoption of the rule, and not more than forty-five (45) days after receiving a proposed rule under subsection (c), the ~~office of management and budget~~ **agency** shall prepare, using the data and assumptions provided by the agency proposing the rule, along with any other data or information available to the ~~office of management and budget~~ **agency**, a fiscal impact statement concerning the effect that compliance with the proposed rule will have on:

(1) the state; and

(2) all persons regulated by the proposed rule.

The fiscal impact statement must contain the total estimated economic impact of the proposed rule and a determination concerning the extent to which the proposed rule creates an unfunded mandate on a state agency or political subdivision. The fiscal impact statement is a public document. The ~~office of management and budget~~ **agency** shall make the fiscal impact statement available to interested parties upon request. The agency proposing the rule shall consider the fiscal impact statement as part of the rulemaking process and shall provide the ~~office of management and budget~~ **agency** with the information necessary to

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1 prepare the fiscal impact statement, including any economic impact
 2 statement prepared by the agency under IC 4-22-2.1-5. The ~~office of~~
 3 ~~management and~~ budget ~~agency~~ may also receive and consider
 4 applicable information from the regulated persons affected by the rule
 5 in preparation of the fiscal impact statement.

6 (e) With respect to a proposed rule subject to IC 13-14-9:

7 (1) the department of environmental management shall give
 8 written notice to the ~~office of management and~~ budget ~~agency~~ of
 9 the proposed date of preliminary adoption of the proposed rule not
 10 less than sixty-six (66) days before that date; and

11 (2) the ~~office of management and~~ budget ~~agency~~ shall prepare the
 12 fiscal impact statement referred to in subsection (d) not later than
 13 twenty-one (21) days before the proposed date of preliminary
 14 adoption of the proposed rule.

15 (f) In determining whether a proposed rule has a total estimated
 16 economic impact greater than five hundred thousand dollars
 17 (\$500,000), the agency proposing the rule shall consider the impact of
 18 the rule on any regulated person that already complies with the
 19 standards imposed by the rule on a voluntary basis.

20 (g) For purposes of this section, a rule is fully implemented after:

21 (1) the conclusion of any phase-in period during which:

22 (A) the rule is gradually made to apply to certain regulated
 23 persons; or

24 (B) the costs of the rule are gradually implemented; and

25 (2) the rule applies to all regulated persons that will be affected
 26 by the rule.

27 In determining the total estimated economic impact of a proposed rule
 28 under this section, the agency proposing the rule shall consider the
 29 annual economic impact on all regulated persons beginning with the
 30 first twelve (12) month period after the rule is fully implemented. The
 31 agency may use actual or forecasted data and may consider the actual
 32 and anticipated effects of inflation and deflation. The agency shall
 33 describe any assumptions made and any data used in determining the
 34 total estimated economic impact of a rule under this section.

35 SECTION 16. IC 4-22-2.1-5, AS AMENDED BY P.L.123-2006,
 36 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2009]: Sec. 5. (a) If an agency intends to adopt a rule under
 38 IC 4-22-2 that will impose requirements or costs on small businesses,
 39 the agency shall prepare a statement that describes the annual
 40 economic impact of a rule on all small businesses after the rule is fully
 41 implemented as described in subsection (b). The statement required by
 42 this section must include the following:

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(1) An estimate of the number of small businesses, classified by industry sector, that will be subject to the proposed rule.

(2) An estimate of the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule.

(3) An estimate of the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule. The agency is not required to submit the proposed rule to the ~~office of management and budget~~ **agency** for a fiscal analysis under IC 4-22-2-28 unless the estimated economic impact of the rule is greater than five hundred thousand dollars (\$500,000) on all regulated entities, as set forth in IC 4-22-2-28.

(4) A statement justifying any requirement or cost that is:

(A) imposed on small businesses by the rule; and

(B) not expressly required by:

(i) the statute authorizing the agency to adopt the rule; or

(ii) any other state or federal law.

The statement required by this subdivision must include a reference to any data, studies, or analyses relied upon by the agency in determining that the imposition of the requirement or cost is necessary.

(5) A regulatory flexibility analysis that considers any less intrusive or less costly alternative methods of achieving the purpose of the proposed rule. The analysis under this subdivision must consider the following methods of minimizing the economic impact of the proposed rule on small businesses:

(A) The establishment of less stringent compliance or reporting requirements for small businesses.

(B) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses.

(C) The consolidation or simplification of compliance or reporting requirements for small businesses.

(D) The establishment of performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule.

(E) The exemption of small businesses from part or all of the requirements or costs imposed by the rule.

If the agency has made a preliminary determination not to implement one (1) or more of the alternative methods considered, the agency shall include a statement explaining the agency's reasons for the determination, including a reference to any data,

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1 studies, or analyses relied upon by the agency in making the
2 determination.

3 (b) For purposes of subsection (a), a proposed rule will be fully
4 implemented with respect to small businesses after:

5 (1) the conclusion of any phase-in period during which:

6 (A) the rule is gradually made to apply to small businesses or
7 certain types of small businesses; or

8 (B) the costs of the rule are gradually implemented; and

9 (2) the rule applies to all small businesses that will be affected by
10 the rule.

11 In determining the total annual economic impact of the rule under
12 subsection (a)(3), the agency shall consider the annual economic
13 impact on all small businesses beginning with the first twelve (12)
14 month period after the rule is fully implemented. The agency may use
15 actual or forecasted data and may consider the actual and anticipated
16 effects of inflation and deflation. The agency shall describe any
17 assumptions made and any data used in determining the total annual
18 economic impact of a rule under subsection (a)(3).

19 (c) The agency shall:

20 (1) publish the statement required under subsection (a) in the
21 Indiana Register as required by IC 4-22-2-24; and

22 (2) deliver a copy of the statement, along with the proposed rule,
23 to the Indiana economic development corporation not later than
24 the date of publication under subdivision (1).

25 SECTION 17. IC 5-2-6-23, AS ADDED BY P.L.104-2008,
26 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2009]: Sec. 23. (a) As used in this section, "board" refers to
28 the sexual assault victim advocate standards and certification board
29 established by subsection (c).

30 (b) As used in this section, "rape crisis center" means an
31 organization that provides a full continuum of services, including
32 hotlines, victim advocacy, and support services from the onset of the
33 need for services through the completion of healing, to victims of
34 sexual assault.

35 (c) The sexual assault victim advocate standards and certification
36 board is established. The board consists of the following twelve (12)
37 members appointed by the governor:

38 (1) A member recommended by the prosecuting attorneys council
39 of Indiana.

40 (2) A member from law enforcement.

41 (3) A member representing a rape crisis center.

42 (4) A member recommended by the Indiana Coalition Against

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Sexual Assault.

(5) A member representing mental health professionals.

(6) A member representing hospital administration.

(7) A member who is a health care professional (as defined in IC 16-27-1-1) qualified in forensic evidence collection and recommended by the Indiana chapter of the International Association of Forensic Nurses.

(8) A member who is an employee of the Indiana criminal justice institute.

(9) A member who is a survivor of sexual violence.

(10) A member who is a physician (as defined in IC 25-22.5-1-1.1) with experience in examining sexually abused children.

(11) A member who is an employee of the office of family and social services.

(12) A member who is an employee of the state department of health, office of women's health.

(d) Members of the board serve a four (4) year term. Not more than seven (7) members appointed under this subsection may be of the same political party.

(e) The board shall meet at the call of the chairperson. Seven (7) members of the board constitute a quorum. The affirmative vote of at least seven (7) members of the board is required for the board to take any official action.

(f) The board shall:

(1) develop standards for certification as a sexual assault victim advocate;

(2) set fees that cover the costs for the certification process;

(3) adopt rules under IC 4-22-2 to implement this section;

(4) administer the sexual assault victims assistance account established by subsection (h); and

(5) certify sexual assault victim advocates to provide advocacy services.

(g) Members of the board may not receive a salary per diem. Members of the board are entitled to receive reimbursement for mileage for attendance at meetings. Any other funding for the board is paid at the discretion of the director of the ~~office of management and~~ budget **agency**.

(h) The sexual assault victims assistance account is established within the state general fund. The board shall administer the account to provide financial assistance to rape crisis centers. Money in the account must be distributed to a statewide nonprofit sexual assault

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1 coalition as designated by the federal Centers for Disease Control and
2 Prevention under 42 U.S.C. 280 et seq. The account consists of:

- 3 (1) amounts transferred to the account from sexual assault victims
- 4 assistance fees collected under IC 33-37-5-23;
- 5 (2) appropriations to the account from other sources;
- 6 (3) fees collected for certification by the board;
- 7 (4) grants, gifts, and donations intended for deposit in the
- 8 account; and
- 9 (5) interest accruing from the money in the account.

10 (i) The expenses of administering the account shall be paid from
11 money in the account. The board shall designate not more than ten
12 percent (10%) of the appropriation made each year to the nonprofit
13 corporation for program administration. The board may not use more
14 than ten percent (10%) of the money collected from certification fees
15 to administer the certification program.

16 (j) The treasurer of state shall invest the money in the account not
17 currently needed to meet the obligations of the account in the same
18 manner as other public money may be invested.

19 (k) Money in the account at the end of a state fiscal year does not
20 revert to the state general fund.

21 (l) The governor shall appoint a member of the commission each
22 year to serve a one (1) year term as chairperson of the board.

23 SECTION 18. IC 6-1.1-20.3-4, AS AMENDED BY P.L.146-2008,
24 SECTION 203, IS AMENDED TO READ AS FOLLOWS
25 [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) The distressed unit appeal
26 board is established.

27 (b) The distressed unit appeal board consists of the following
28 members:

- 29 (1) The director of the ~~office of management and~~ budget **agency**
- 30 or the director's designee. The director **of the budget agency** or
- 31 the director's designee shall serve as chairperson of the distressed
- 32 unit appeal board.
- 33 (2) The commissioner of the department of local government
- 34 finance or the commissioner's designee.
- 35 (3) The commissioner of the department of state revenue or the
- 36 commissioner's designee.
- 37 (4) The state examiner of the state board of accounts or the state
- 38 examiner's designee.
- 39 (5) The following members appointed by the governor:
- 40 (A) One (1) member appointed from nominees submitted by
- 41 the Indiana Association of Cities and Towns.
- 42 (B) One (1) member appointed from nominees submitted by

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the Association of Indiana Counties.

(C) One (1) member appointed from nominees submitted by the Indiana Association of School Superintendents.

A member nominated and appointed under this subdivision must be an elected official of a political subdivision.

(6) One (1) member appointed by the governor (in addition to members appointed under subdivision (5)).

(7) One (1) member appointed by the speaker of the house of representatives. A member appointed under this subdivision serves a term of four (4) years.

(c) The members appointed under subsection (b)(5) and subsection (b)(6) serve at the pleasure of the governor.

(d) Each member of the commission is entitled to reimbursement for:

(1) traveling expenses as provided under IC 4-13-1-4; and

(2) other expenses actually incurred in connection with the member's duties as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

SECTION 19. IC 6-3-4-17, AS ADDED BY P.L.146-2008, SECTION 322, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 17. Beginning after December 31, 2010, the department and the ~~office of management and budget agency~~ shall:

(1) develop a quarterly report that summarizes the amount reported to and processed by the department under section 4.1(h) of this chapter, section 15.7(a)(3) of this chapter, IC 6-3.5-1.1-18(c), IC 6-3.5-6-22(c), IC 6-3.5-7-18(c), and IC 6-3.5-8-22(c) for each county; and

(2) make the quarterly report available to county auditors within forty-five (45) days after the end of the calendar quarter.

SECTION 20. IC 8-14-14-6, AS ADDED BY P.L.47-2006, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. (a) If the authority enters into a public-private agreement concerning the Indiana Toll Road under IC 8-15.5, the auditor of state shall make the following distributions from the fund for the indicated purposes:

(1) One hundred fifty million dollars (\$150,000,000) to the treasurer of state for deposit in the motor vehicle highway account established by IC 8-14-1. Notwithstanding IC 8-14-1, on or before October 15, 2006, and on or before October 15, 2007, the auditor of state shall distribute seventy-five million dollars (\$75,000,000)

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of the money deposited in the motor vehicle highway account under this subdivision to each of the counties, cities, and towns eligible to receive a distribution from the motor vehicle highway account under IC 8-14-1 and in the same proportion among the counties, cities, and towns as funds are distributed from the motor vehicle highway account under IC 8-14-1. The auditor of state:

(A) shall make the distributions required by this subdivision separately from distributions required by IC 8-14-1; and

(B) may not combine the distributions required by this subdivision with distributions required by IC 8-14-1.

Money distributed under this subdivision may be used only for purposes that money distributed from the motor vehicle highway account may be expended under IC 8-14-1.

(2) The following amounts to the northwest Indiana regional development authority for deposit in the development authority fund established under IC 36-7.5-4-1:

(A) Forty million dollars (\$40,000,000) during the state fiscal year beginning July 1, 2006. During the state fiscal year beginning July 1, 2006, the regional development authority must pay at least twenty million dollars (\$20,000,000) of the distribution received under this clause to an airport authority that is carrying out an airport expansion project described in IC 36-7.5-2-1(2).

(B) Eighty million dollars (\$80,000,000) to be distributed in installments of ten million dollars (\$10,000,000) during the state fiscal year beginning July 1, 2007, and each of the seven (7) state fiscal years thereafter.

However, no distributions may be made under clause (B) until the development authority's comprehensive strategic development plan prepared under IC 36-7.5-3-4 has been reviewed by the budget committee and approved by the director of the ~~office of management and budget~~ **agency**. In addition, no distributions may be made under clause (B) during the state fiscal years beginning July 1, 2009, July 1, 2011, and July 1, 2013, unless the budget committee has reviewed the status of the plan and any changes to the plan.

(3) The following amounts to each of the following counties on or before September 15, 2006, for deposit in local major moves construction funds under IC 8-14-16:

(A) Forty million dollars (\$40,000,000) to each county described in IC 8-14-16-1(1) through IC 8-14-16-1(5).

However, if a county described in IC 8-14-16-1(3) becomes a

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1 member of the northwest Indiana regional development
 2 authority, the distribution to that county is twenty-five million
 3 dollars (\$25,000,000) instead of forty million dollars
 4 (\$40,000,000).

5 (B) Twenty-five million dollars (\$25,000,000) to each county
 6 described in IC 8-14-16-1(6).

7 (C) Fifteen million dollars (\$15,000,000) to each county
 8 described in IC 8-14-16-1(7).

9 (4) One hundred seventy-nine million dollars (\$179,000,000)
 10 during the state fiscal year beginning July 1, 2006, to the state
 11 highway fund for use by the department for preliminary
 12 engineering, purchase of rights-of-way, or construction of
 13 highways, roads, and bridges. After review by the budget
 14 committee, and subject to the approval of the governor, the
 15 budget agency may augment this distribution from balances
 16 available in the fund.

17 (5) An amount sufficient to provide for the payments owed by the
 18 authority as a result of a written agreement entered into under
 19 IC 8-15.5-7-6 to fund reductions in, or refunds of, user fees
 20 imposed on Class 2 vehicles, or to establish or replenish the
 21 reserves therefore, to the administration account of the toll road
 22 fund. The budget agency shall determine the amount of the
 23 distributions required to be made by this subdivision for each
 24 state fiscal year beginning with the state fiscal year ending June
 25 30, 2007, and ending with the state fiscal year ending June 30,
 26 2016.

27 (6) An amount sufficient to make any payments required by
 28 IC 5-10.3-6-8.9 as a result of a public-private agreement under
 29 IC 8-15.5.

30 (b) There is annually appropriated from the fund an amount
 31 sufficient to make any distributions required by subsection (a).

32 SECTION 21. IC 8-15-2-14.7, AS AMENDED BY P.L.47-2006,
 33 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2009]: Sec. 14.7. (a) As used in this section, "development
 35 authority" refers to the development authority established under
 36 IC 36-7.5-2-1.

37 (b) An appropriation made by the general assembly to the
 38 development authority may be distributed to the development authority
 39 only if all transfers required from cities and counties to the
 40 development authority under IC 36-7.5-4-2 have been made.

41 (c) An appropriation made by the general assembly to the
 42 development authority may be distributed to the development authority

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only after:

- (1) the budget committee has reviewed; and
- (2) the director of the ~~office of management and~~ budget **agency** has approved;

the comprehensive strategic development plan submitted in accordance with IC 36-7.5-3-4.

(d) If the Indiana Toll Road is sold or leased before January 1, 2008 (other than a lease to the department), and the sale or lease agreement does not require the purchaser or lessee to continue making the distributions required by subsection (b), the treasurer of state shall pay the amount, if any, appropriated by the general assembly to the development authority fund established under IC 36-7.5-4-1.

(e) Amounts distributed or paid to the development authority under this section may be used for any purpose of the development authorized under IC 36-7.5.

SECTION 22. IC 13-14-9-4.2, AS AMENDED BY P.L.123-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.2. Not less than fourteen (14) days before the date of preliminary adoption of a proposed rule by a board, the department shall make available to the board the fiscal impact statement prepared by the ~~office of management and~~ budget **agency** with respect to the proposed rule under IC 4-22-2-28(e).

SECTION 23. IC 13-14-9-5, AS AMENDED BY P.L.123-2006, SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) A board may not adopt a rule until all of the following occur:

- (1) The board holds a board meeting on the proposed rule.
- (2) The department, after approval of the proposed rule by the board under subsection (c), publishes the following in the Indiana Register as provided in IC 4-22-2-24(c):
 - (A) The full text of the proposed rule, including any amendments arising from the comments received before or during the meeting held under subdivision (1).
 - (B) A summary of the response of the department to all comments received at the meeting held under subdivision (1).
 - (C) For a proposed rule with an estimated economic impact on regulated entities that is greater than five hundred thousand dollars (\$500,000), a copy of the ~~office of management and~~ budget **agency** fiscal analysis required under IC 4-22-2-28.
- (3) The board, after publication of the notice under subdivision (2), holds another board meeting on the proposed rule.
- (4) If a third public comment period is required under section 4.5

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of this chapter, the department publishes notice of the third public comment period in the Indiana Register.

(b) Board meetings held under subsection (a)(1) and (a)(3) shall be conducted in accordance with IC 4-22-2-26(b) through IC 4-22-2-26(d).

(c) At a board meeting held under subsection (a)(1), the board shall determine whether the proposed rule will:

(1) proceed to publication under subsection (a)(2);

(2) be subject to additional comments under section 3 or 4 of this chapter, considering any written finding made by the commissioner under section 7 or 8 of this chapter; or

(3) be reconsidered at a subsequent board meeting in accordance with IC 4-22-2-26(d).

SECTION 24. IC 13-14-9-6, AS AMENDED BY P.L.123-2006, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 6. In addition to the requirements of section 8 of this chapter, the department shall include the following in the written materials to be considered at the board meetings held under section 5(a)(1) and 5(a)(3) of this chapter:

(1) The full text of the proposed rule, as most recently prepared by the department.

(2) The written responses of the department to all comments received:

(A) during the immediately preceding comment period for a board meeting held under section 5(a)(1) of this chapter;

(B) during the immediately preceding board meeting under section 5(a)(1) of this chapter for a board meeting held under section 5(a)(3) of this chapter if a third public comment period is not required under section 4.5 of this chapter; or

(C) during:

(i) a third public comment period that address the portion of the preliminarily adopted rule that is substantively different from the language contained in the proposed rule published in a second notice under section 4 of this chapter; and

(ii) the immediately preceding board meeting held under section 5(a)(1) of this chapter;

for a board meeting held under section 5(a)(3) of this chapter if a third public comment period is required under section 4.5 of this chapter.

(3) The full text of the ~~office of management and budget agency~~ fiscal analysis if a fiscal analysis is required under IC 4-22-2-28.

SECTION 25. IC 20-19-2-12, AS AMENDED BY P.L.146-2008,

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SECTION 451, IS AMENDED TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2009]: Sec. 12. (a) The state board shall, in the
 manner provided by IC 4-22-2, adopt rules setting forth nonbinding
 guidelines for the selection of school sites and the construction,
 alteration, and repair of school buildings, athletic facilities, and other
 categories of facilities related to the operation and administration of
 school corporations. The nonbinding guidelines must include:

(1) preferred location and building practices for school
 corporations, including standards for enhancing health, student
 safety, accessibility, energy efficiency, operating efficiency, and
 instructional efficacy;

(2) guidelines concerning minimum acreage, cost per square foot
 or cost per ADM (as defined in IC 20-18-2-2), technology
 infrastructure, building materials, per student square footage, and
 other general space requirements, including space for academics,
 administration and staff support, arts education and auditoriums,
 libraries, cafeterias, athletics and physical education,
 transportation facilities, and maintenance and repair facilities; and

(3) additional guidelines that the state board considers necessary
 for efficient and cost effective construction of school facilities.

The building law compliance officer appointed under IC 10-19-7-4, the
~~office of management and budget~~ **agency**, and the department of local
 government finance shall, upon request of the board, provide technical
 assistance as necessary for the development of the guidelines.

(b) The state board shall annually compile, in a document capable
 of easy revision, the:

(1) guidelines described in subsection (a); and

(2) rules of the:

(A) fire prevention and building safety commission; and

(B) state department of health;

that govern site selection and the construction, alteration, and repair of
 school buildings.

(c) A school corporation shall consider the guidelines adopted under
 subsection (a) when developing plans and specifications for a facility
 described in subsection (a). Before submitting completed written plans
 and specifications for the selection of a school building site or the
 construction or alteration of a school building to the division of fire and
 building safety for issuance of a design release under IC 22-15-3, a
 school corporation shall do the following:

(1) Submit the proposed plans and specifications to the
 department. Within thirty (30) days after the department receives
 the plans and specifications, the department shall:

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(A) review the plans and specifications to determine whether they comply with the guidelines adopted under subsection (a); and

(B) provide written recommendations concerning the plans and specifications to the school corporation, which must include findings as to any material differences between the plans and specifications and the guidelines adopted under subsection (a).

(2) After the earlier of:

(A) receipt of the recommendations provided under subdivision (1)(B); or

(B) the date that is thirty (30) days after the date the department received the plans and specifications under subdivision (1)(A);

issue a public document that describes the recommendations, if any, and any material differences between the plans and specifications prepared by the school corporation and the guidelines adopted under subsection (a), as determined under the guidelines adopted by the state board.

(3) After publishing a notice of the public hearing under IC 5-3-1, conduct a public hearing to receive public comment concerning the school corporation's plans and specifications.

After the public hearing and without conducting another public hearing under this subsection, the governing body may revise the plans and specifications or submit the plans and specifications to the division of fire and building safety without making changes. The school corporation shall revise the public document described in subdivision (2) to identify any changes in the plans and specifications after the public document's initial preparation.

SECTION 26. IC 20-42.5-2-4, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) Educational service centers established under IC 20-20-1 shall support and facilitate actions by school corporations under this article, including by the use of an educational service center's existing cooperative agreements.

(b) School corporations and educational service centers may use the division of finance of the department and the ~~office of management and~~ budget **agency** to provide technical assistance under this article.

(c) Not later than August 31 of each year, the educational service centers shall report to the state board the results of the efforts of the educational service centers under this article during the preceding school year.

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SECTION 27. IC 20-42.5-3-2, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. The state board, assisted by the educational service centers, the division of finance of the department, and the ~~office of management and~~ budget **agency**, shall survey annually the school corporations to determine actions taken by the school corporations to allocate resources to student instruction and learning. The state board shall issue an annual report of actions taken to:

- (1) each school corporation;
- (2) the public; and
- (3) the general assembly.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

SECTION 28. IC 20-42.5-3-3, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. Not later than November 1 of each year, the state board, assisted by the ~~office of management and~~ budget **agency** and school corporation officials, shall submit a report to the state superintendent, the governor, and the general assembly concerning the following:

- (1) Consolidated purchasing arrangements used by multiple school corporations, through educational service centers, and throughout Indiana.
- (2) Shared services arrangements used by multiple school corporations, through educational service centers, and in Indiana as a whole.
- (3) The efforts of school corporations to explore cooperatives, common management, or consolidations.

The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

SECTION 29. IC 20-42.5-3-4, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4. (a) The state board, assisted by the ~~office of management and~~ budget **agency**, the division of finance of the department, and school corporation officials, shall analyze each school corporation's expenses for the 2004-2005 and 2005-2006 school years to determine how much each school corporation spent, from whatever source, directly or indirectly, on the following categories of expenditures:

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(1) Student academic achievement expenditures.

(2) Student instructional support expenditures.

(3) Overhead and operational expenditures.

(4) Nonoperational expenditures.

The state board shall determine the types of expenses that are included in each category set forth in subdivisions (1) through (4). The sum of all expenditures under subdivisions (1) through (4) by a school corporation must equal the total amount of expenditures by the school corporation for the year being analyzed.

(b) The state board's analysis under subsection (a) may include relevant trend line data for school years before the 2004-2005 school year.

(c) Not later than June 30, 2007, the state board shall report the results of the analysis under subsection (a) to the state superintendent, the governor, and the general assembly. The report to the general assembly must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

SECTION 30. IC 20-42.5-3-5, AS ADDED BY P.L.2-2007, SECTION 240, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) For each school year using the 2005-2006 school year as a baseline:

(1) the ~~office of management and~~ budget **agency** shall analyze and report to the state board, the governor, and the general assembly concerning the progress or lack of progress of each school corporation, of all school corporations in each educational service center's area, and in Indiana as a whole in improving the ratio of student instructional expenditures to all other expenditures for the previous school year;

(2) the state board shall recognize publicly each school corporation and educational service center that has an improved ratio of student instructional expenditures to all other expenditures during the previous school year;

(3) the ~~office of management and~~ budget **agency** and the division of finance of the department shall be available to consult with and provide technical assistance to each school corporation that did not have an improved ratio of student instructional expenditures to all other expenditures during the previous school year; and

(4) each school corporation shall report to the public in the school corporation's annual performance report and to the members of the general assembly whose districts include the school corporation:

(A) the percentage of resources spent by the school

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corporation during the previous school year on each category of expenditures set forth in section 4 of this chapter and whether the school corporation met the goals established for the previous school year under section 6 of this chapter;

(B) the trend line for each category of expenditures set forth in section 4 of this chapter for the school corporation during the previous school year;

(C) whether the school corporation did or did not make progress in improving the ratio of student instructional expenditures to all other expenditures during the previous school year; and

(D) the goals established under section 6 of this chapter for the current school year.

(b) The reports to the general assembly under subsection (a)(1) and to individual members of the general assembly under subsection (a)(4) must be submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6.

SECTION 31. IC 22-4-18.1-7, AS AMENDED BY P.L.161-2006, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 7. (a) Except as provided in subsection (b) and subject to the approval of the commissioner of the department of workforce development, the state personnel department, and the budget agency, the council may employ professional, technical, and clerical personnel necessary to carry out the duties imposed by this chapter using the following:

- (1) Funds available under applicable federal and state programs.
- (2) Appropriations by the general assembly for this purpose.
- (3) Funds in the state technology advancement and retention account established by IC 4-12-12-1.
- (4) Other funds (other than federal funds) available to the council for this purpose.

(b) Subject to the approval of the commissioner of the department of workforce development and the budget agency, the council may contract for services necessary to implement this chapter.

(c) The council is subject to:

- (1) the allotment system administered by the budget agency; and
- (2) financial oversight by the ~~office of management and~~ budget agency.

SECTION 32. IC 28-11-1-1, AS AMENDED BY P.L.217-2007, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) The department of financial institutions is established.

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(b) The department:

(1) is an independent agency in the executive branch of state government; and

(2) exercises essential public functions.

(c) The expenses of the department in administering the financial institutions subject to the department's oversight are paid by financial institutions through fees established by the department under IC 28-11-3-5.

(d) Subject to subsection (e), the department's regulatory and budgetary functions are not subject to oversight by the following:

~~(1) The office of management and budget (notwithstanding IC 4-3-22-14);~~

~~(2) (1) The budget agency (notwithstanding IC 4-12-1).~~

~~(3) (2) The state personnel department (notwithstanding IC 4-15-1.8).~~

~~(4) (3) The Indiana department of administration (notwithstanding IC 4-13-1).~~

~~(5) (4) The office of technology (notwithstanding IC 4-13.1).~~

(e) The department's funds, accounts, and financial affairs shall be examined biennially by the state board of accounts under IC 5-11-1-9(c).

SECTION 33. IC 36-7.5-2-9, AS ADDED BY P.L.214-2005, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 9. The ~~office of management and~~ budget **agency** shall contract with a certified public accountant for an annual financial audit of the development authority. The certified public accountant may not have a significant financial interest, as determined by the ~~office of management and~~ budget **agency**, in a project, facility, or service funded by or leased by or to the development authority. The certified public accountant shall present an audit report not later than four (4) months after the end of the development authority's fiscal year and shall make recommendations to improve the efficiency of development authority operations. The certified public accountant shall also perform a study and evaluation of internal accounting controls and shall express an opinion on the controls that were in effect during the audit period. The development authority shall pay the cost of the annual financial audit. In addition, the state board of accounts may at any time conduct an audit of any phase of the operations of the development authority. The development authority shall pay the cost of any audit by the state board of accounts.

SECTION 34. IC 36-7.5-3-4, AS ADDED BY P.L.214-2005, SECTION 73, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JULY 1, 2009]: Sec. 4. (a) The development authority shall prepare a comprehensive strategic development plan that includes detailed information concerning the following:

(1) The proposed projects to be undertaken or financed by the development authority.

(2) The following information for each project included under subdivision (1):

(A) Timeline and budget.

(B) The return on investment.

(C) The projected or expected need for an ongoing subsidy.

(D) Any projected or expected federal matching funds.

(b) The development authority shall before January 1, 2008, submit the comprehensive strategic development plan for review by the budget committee and approval by the director of the ~~office of management and budget~~ **agency**.

SECTION 35. IC 36-7.6-2-14, AS ADDED BY P.L.232-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. (a) The ~~office of management and budget~~ **agency** shall contract with a certified public accountant for an annual financial audit of each development authority. The certified public accountant may not have a significant financial interest, as determined by the ~~office of management and budget~~ **agency**, in a project, facility, or service funded by or leased by or to any development authority.

(b) The certified public accountant shall present an audit report not later than four (4) months after the end of each calendar year and shall make recommendations to improve the efficiency of development authority operations. The certified public accountant shall also perform a study and evaluation of internal accounting controls and shall express an opinion on the controls that were in effect during the audit period.

(c) A development authority shall pay the cost of the annual financial audit under subsection (a). In addition, the state board of accounts may at any time conduct an audit of any phase of the operations of a development authority. A development authority shall pay the cost of any audit by the state board of accounts.

SECTION 36. IC 36-7.6-3-5, AS ADDED BY P.L.232-2007, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) A development authority shall prepare a comprehensive strategic development plan that includes detailed information concerning the following:

(1) The proposed projects to be undertaken or financed by the development authority.

(2) The following information for each project included under

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subdivision (1):

(A) Timeline and budget.

(B) The return on investment.

(C) The projected or expected need for an ongoing subsidy.

(D) Any projected or expected federal matching funds.

(b) The development authority shall, not later than January 1 of the second year following the year in which the development authority is established, submit the comprehensive strategic development plan for review by the budget committee and approval by the director of the ~~office of management and budget~~ agency.

SECTION 37. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2009]: IC 4-3-22-2; IC 4-3-22-3; IC 4-3-22-5.

SECTION 38. [EFFECTIVE JUNE 30, 2009] **(a) On July 1, 2009:**

(1) the office of management and budget is terminated;

(2) the position of the director of the office of management and budget is terminated; and

(3) the powers, duties, and property of the office of management and budget are transferred to the budget agency and the director of the budget agency, including any rule or guideline adopted by the office of management and budget or the director of the office of management and budget.

(b) This SECTION expires July 2, 2009.

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